

Message Text

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ACTION EUR-12

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R 281018Z FEB 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 892
INFO AMEMBASSY MOSCOW
AMCONSUL NAPLES
USMISSION USNATO
USDOCOSOUTH NAPLES
USNMR SHAPE
SECDEF WASHDC

C O N F I D E N T I A L ROME 3665

USDOCOSOUTH FOR INTAF; USNMR SHAPE FOR POLAD

E.O. 11652: GDS
TAGS: IT, UR
SUBJECT: SOVIETS REQUEST SHIP REPAIR FACILITIES IN NAPLES

REF: A. ROME 2580, B. ROME 3073, C. STATE 45470

1. AT MFA SECRETARY GENERAL MALFATTI'S REQUEST, AMBASSADOR MET WITH HIM AT RESIDENCE FRIDAY EVENING, FEBRUARY 24. MALFATTI HIMSELF RAISED WITH AMBASSADOR QUESTION OF SOVIET REQUEST FOR ACCESS TO NAPLES PORT FACILITIES (REFTELS), HAVING LEARNED OF AMBASSADOR'S EARLIER DISCUSSIONS WITH MOD FORLANI.

2. ACCORDING TO MALFATTI, SOVIET AMBASSADOR RYZHOV'S APPROACH HAD BEEN MADE TO HIM SOME THREE OR FOUR WEEKS AGO. RYZHOV HAD BEGUN THE CONVERSATION BY DISCUSSING GENERAL ITALIAN/SOVIET RELATIONS AND QUERIED WHETHER ITALY MIGHT NOT BE ABLE TO GRANT ADDITIONAL CREDITS TO THE USSR. MALFATTI
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SAID HE TOLD HIM THAT IT WOULD NOT BE POSSIBLE. RYZHOV THEN OBSERVED THAT THERE WAS CONSIDERABLE UNEMPLOYMENT IN ITALIAN SHIPYARDS WHILE THE USSR HAD A LARGE MERCHANT FLEET AND THE NEED FOR PERIODIC REPAIRS AND OVERHAUL THAT COULD BE CARRIED OUT IN ITALIAN PORTS. HE SPECIFICALLY MENTIONED NAPLES OR ITS IMMEDIATE AREA. MALFATTI ASSERTED THAT HE TOLD RYZHOV THAT NAPLES WOULD NOT BE POSSIBLE BUT

THERE WERE OTHER ITALIAN SHIPYARDS--IN TRIESTE, LA SPEZIA, PALERMO--WHERE THAT SORT OF WORK COULD BE DONE. RYZHOV DROPPED THE QUESTION, BUT THEN, ACCORDING TO Malfatti's ACCOUNT, "DOUBLE-CROSSED US BY GOING BEHIND OUR BACK DIRECTLY TO THE MAYOR OF NAPLES." THERE, APPARENTLY, HE PAINTED AN ATTRACTIVE PICTURE OF EMPLOYMENT AND ECONOMIC BENEFITS THAT WOULD ACCRUE TO NAPLES FROM WIDER RUSSIAN ACCESS TO LOCAL SHIPYARDS. THE MAYOR HAS NOT SINCE BEEN IN TOUCH WITH THE MINISTRY OF FOREIGN AFFAIRS, HOWEVER.

3. THE AMBASSADOR MADE CLEAR THE U.S. AND ALLIED INTEREST IN THIS QUESTION, AND ACKNOWLEDGED THE OCCASIONAL ROUTINE AND AD HOC REPAIRS AND OVERHAUL OF SOVIET MERCHANTMEN ALREADY MADE IN ITALIAN SHIPYARDS. HE SUGGESTED THAT THERE WOULD BE ALLIED CONCERN, HOWEVER, IF THERE WERE A SIGNIFICANT INCREASE IN THE USE OF ITALIAN SHIPYARDS BY THE SOVIET MERCHANT FLEET OR IF ITALY WERE TO ENTER INTO A FORMAL AGREEMENT WITH THE USSR TO INSTITUTIONALIZE ACCESS TO SUCH FACILITIES. NATURALLY, ANY USE OF ITALIAN SHIPYARDS TO SERVICE SOVIET NAVAL VESSELS WOULD NOT BE LOOKED UPON WITH FAVOR.

4. Malfatti SAID HE AGREED WITH THAT POSITION. EVEN RUSSIAN MERCHANT VESSELS WERE A PROBLEM, HE OBSERVED, AS THEY ALL HAD A MILITARY ROLE, AT LEAST IN ELECTRONIC SURVEILLANCE OF ALLIED ACTIVITIES. HE ASSURED THE AMBASSADOR THAT HE WOULD BE OPPOSED TO ANY FACILITIES FOR THE SOVIET NAVAL FLEET, THOUGH CONFIDENTIAL

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THAT WAS NOT THE IMMEDIATE ISSUE. HE WOULD BE OPPOSED, TOO, TO ANY SIGNIFICANT INCREASE IN THE NUMBER OF SOVIET MERCHANT VESSELS USING ITALIAN SHIPYARD FACILITIES. THOUGH LARGELY BY IMPLICATION, BY CONTINUED REFERENCE TO SHIPYARD UNEMPLOYMENT (200,000 WAS THE FIGURE HE USED) AND TO THE AVAILABILITY OF SHIPYARDS IN PORTS WHERE THERE WERE NO ITALIAN OR ALLIED NAVAL FACILITIES, Malfatti MADE CLEAR THAT HE WOULD WELCOME OUR AND ALLIED ACQUIESCENCE IN AT LEAST A MODEST INCREASE OF SOVIET MERCHANT SHIP BUSINESS FOR ITALIAN SHIPYARDS.

5. THOUGH HE SHARED THE AMBASSADOR'S CONCERN, Malfatti SAID HE WOULD NEED HELP IN MAKING CERTAIN THAT THE AMERICAN AND ALLIED VIEW WAS CLEARLY KNOWN TO THE GOVERNMENT. HE ASKED THAT THE EMBASSY TRANSMIT THAT VIEW IN A NOTE VERBALE TO THE MINISTRY OF FOREIGN AFFAIRS.

6. ACTION REQUESTED: DEPARTMENT GUIDANCE IN PREPARATION OF AN APPROPRIATE NOTE TO THE FOREIGN MINISTRY. HOLMES

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